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SECURITY INFORMATION

Comptroller

24 OCT 1952

Assistant Director for Research and Reports

Bureau of Mines request for additional funds in support of
FY 1953 NIS Program

REFERENCE: (a) Letter to Comptroller, CIA, from Acting Director, Bureau of
25X1A9a (b) Letter to [REDACTED], CIA, from Director, Bureau of
Mines, dated 9 October 1952.

1. The following comments are submitted in connection with the
Bureau of Mines request for an additional allocation of [REDACTED] during
FY 1953 for support of NIS activities.

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2. Reference (a) states that the additional funds are required
to cover costs of various miscellaneous items, and some regular
services of the Bureau that were not provided for in working funds
requested for FY 1953, and reference (b) explains the items and
services as follows:

a. Services required by the Petroleum Unit of the
Bureau in connection with NIS activities which made it
necessary to expand and accelerate the operation of
their International Trade Unit.

b. Consultation services furnished by technical
specialists of the Bureau to their Petroleum Unit.

c. Plant and equipment costs for the Petroleum Unit
for which it is stated only nominal provision was made,
if at all, in the regular working funds.

3. At the request of the Secretary of the Interior, and by
direction of the President, production responsibility for NIS sub-
sections 62C (Petroleum) and Supplement V (Petroleum) was allocated
to the Bureau of Mines. The fiscal support now being given by CIA to
the Bureau for the production of these elements is for the maintenance
of a production unit engaged full time on this project. The amounts
being furnished by CIA are based upon estimated costs submitted by the
Bureau which do not include costs incurred by other components of the
Bureau for services which are normal functions of these components,
nor are such costs considered a proper charge against the NIS project.
Present information is that the services in question consist largely
of permitting personnel of the Petroleum Unit to exploit data in the
files of other Bureau components, and to consult with their specialists

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regarding this data. All IAC agencies, and some non-IAC agencies, are making similar contributions to the NIS Petroleum elements without reimbursement for services rendered by their regular components. Since the NIS is a joint project designed to provide the basic intelligence required by the Government, all agencies should contribute their regular services without charge to the NIS Program. Accordingly, it is recommended that the request for funds to cover the corollary expenses listed in items 2 a. and b. above be denied.

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4. In respect to item 2 c. above, the sum of [REDACTED] has been provided for the FY 1953 operations of the Bureau Unit producing the NIS Petroleum elements to cover periodic pay increases, supplies, materials, and miscellaneous costs. This was the sum requested by the Bureau, and granted by CIA. If it has now been found that this sum does not cover plant and equipment costs that are legitimate charges against the NIS Program, consideration of an increase in funds to cover these specific items appears to be in order. However, the very general statements in Reference (b) relating to these costs do not provide sufficient information to permit judgment on whether or not the Bureau is entitled to additional funds for those items, nor is it possible to determine the amount involved. It is, therefore, recommended that additional funds for item 2 c. above be denied.

5. The Bureau of Mines has thus far fulfilled its production commitments for this fiscal year, and status reports on NIS in process at the Bureau indicate that it should generally fulfill its commitments for the balance of the year without additional financial support from CIA.

(S)
ROBERT AMORY, JR.

Enclosures:

- 1 - Ltr dtd 19 Sep 52 fr
Actg. Dir., Bur. Mines
- 2 - Ltr dtd 9 Oct 52 fr
Director, Bur. Mines

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